IN THE HIGH COURT OF JUDICATURE AT BOMBAY

ORDINARY ORIGINAL CIVIL JURISDICTION

Income Tax Appeal NO. 847 of 2000

The Commissioner of Income-tax .... Appellant.

vs.

M/s. Golden Chemicals Pvt.Ltd. .. .. Respondents

A. K. Kotangale for Appellant
F. V. Irani i/b.
A. K. Jayani for Respondents.

CORAM: **S. RADHAKRISHNAN**
AND
A. S. AGUIAR JJ.

Date: 7/6/2005

ORAL JUDGMENT (Per S.Radhakrishnan J.)

1. Heard learned counsel for the Appellant and the Respondents. Perused the assessment order.

2. By this appeal the appellant is seeking to raise the following question of law:

> "Whether, the Tribunal is justified in dismissing the appeal of the department against the order dated 26/2/1992 of the CIT (A), wherein it was held that the addition of Rs.15,47,418/- on

> account of change in the method of valuation of closing stock should not be considered for the purpose of determining book profit while computing the tax liability of the assessee u/s. 151J of the Income-tax Act 1961?"

3. We have also perused the original Assessment Order dated 30.1.1991 wherein in para 10 that the Respondent had changed the basis of valuation of the closing stock of finished goods to "Cost or market value whichever is lesser" as compared to "Market Value" in the previous year. Learned counsel for the Respondent very fairly stated that the Respondent is entitled to make bona fide change in the method of valuation of the closing stock. There is no finding that the Respondent had maintained the account contrary to the provisions of the Companies Act. Therefore learned counsel for the Respondent Mr. Irani brought to our notice the recent judgment of the Supreme Court in Apollo Tyres Ltd. Vs. Commissioner of Income-tax, 2002 (255) ITR 27, wherein the Supreme Court has observed as under:

> "While so looking into the accounts of the company, an Assessing Officer under the Income-tax Act has to accept the authenticity of the accounts with reference to the provisions of the

> Companies Act which obligates the company to maintain its account in a manner provided by the statutory auditors and will have to be approved by the company in its general meeting and thereafter to be filed before the Registrar of Companies who has a statutory obligation also to examine and satisfy that the accounts of the company are maintained in accordance with the requirements of the Companies Act."

4. Under the aforesaid facts and circumstances, especially in view of the judgment of the Supreme Court in Apollo Tyres (supra) we find no substantial question of law involved in this appeal.

Appeal dismissed.

S. RADHAKRISHNAN

A. S. AGUIAR